

QUINN EMANUEL URQUHART & SULLIVAN, LLP

Kevin P.B. Johnson
Michael T. Lifrak
555 Twin Dolphin Drive, 5th Floor
Redwood Shores, CA 94065
Telephone: (650) 801-5000
kevinjohnson@quinnemanuel.com
michaellifrak@quinnemanuel.com

Counsel for Defendants

[Additional counsel appear on signature page.]

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA**

SUZANNE L. FLANNERY, Individually and on
Behalf of All Others Similarly Situated,

Plaintiff,

v.

SNOWFLAKE INC., et al.,

Defendants.

Case No. 5:24-cv-01234-PCP

CLASS ACTION

**JOINT CASE MANAGEMENT
STATEMENT AND [PROPOSED]
ORDER**

Date: May 28, 2024
Time: 1:00 p.m.
Courtroom: 8, 4th Floor
Judge: Hon. P. Casey Pitts

Pursuant to Federal Rule of Civil Procedure 16, Civil Local Rules 16-9 and 16-10, the Standing Order for All Judges of the Northern District of California, and in advance of the Initial Case Management Conference set by the Court for Tuesday, May 28, 2024, at 1:00 p.m., Plaintiff Suzanne L. Flannery (“Plaintiff”) and Defendants Snowflake Inc. (“Snowflake”), Frank Sloomman, and Michael P. Scarpelli (collectively, “Defendants,” and together with Plaintiff, the “Parties”), have met and conferred and hereby submit this Joint Case Management Statement.

The Parties have respectfully requested that the Court continue the Initial Case Management Conference and related deadlines (ECF Nos. 12, 66) in light of the seven motions to appoint lead plaintiff (ECF Nos. 15, 23, 26, 29, 34, 40, 48, the “Lead Plaintiff Motions”) pending but not yet fully briefed.¹ Neither Plaintiff nor her undersigned counsel have filed a Lead Plaintiff Motion, meaning Plaintiff is unlikely to be Lead Plaintiff in this action. Once Lead Plaintiff is appointed, Lead Plaintiff will file an amended complaint or designate the initial complaint as the operative complaint, which Defendants intend to move to dismiss. Under the PSLRA, discovery is stayed pending the resolution of Defendants’ anticipated motion to dismiss. The parties thus respectfully request that the Court continue the Initial Case Management Conference and related deadlines. ECF Nos. 12, 66.

I. JURISDICTION AND SERVICE

Plaintiff asserts claims arising under Sections 10(b) and 20(a) of the Securities Act of 1934 (the “Exchange Act”) (15 U.S.C. §§ 78j(b) and 78t(a)), and Rule 10b-5 promulgated thereunder by the United States Securities and Exchange Commission (17 C.F.R. §240.10b-5). Plaintiff asserts that this Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331 and Section 27 of the Exchange Act. There are no issues pending regarding personal jurisdiction. Defendants do not plan to contest venue in this district. Defendants have accepted service pursuant to the stipulation at ECF No. 12.

¹ One movant has since filed a statement of non-opposition. ECF No. 56.

1 **II. FACTS**

2 Plaintiff alleges that Snowflake and certain of its senior executives committed securities
3 fraud and traded in Snowflake stock at artificially inflated prices. Defendant Frank Sloodman was
4 Snowflake's CEO and Chairman of its Board of Directors, and defendant Michael P. Scarpelli was
5 Snowflake's CFO during the Class Period.

6 The Complaint alleges that throughout the Class Period, Defendants made materially false
7 and misleading statements and omitted material information regarding Snowflake's business,
8 financial results, and prospects. Specifically, the Complaint alleges that Defendants concealed
9 that: (i) Snowflake had systematically oversold capacity to customers which created the false
10 appearance of demand for Snowflake's products and services; (ii) Snowflake had given significant
11 discounts to customers prior to its IPO which temporarily increased sales but would be
12 unsustainable after the IPO and/or require platform efficiency adjustments, which negatively
13 impacted client consumption and Snowflake's revenue and profit margins; (iii) as a result of the
14 foregoing, Snowflake's customers were bound to roll over a material amount of unused credits
15 (and thus cannibalize future sales) at the end of their contractual terms or altogether refuse to
16 renew their contracts at prior consumption levels or at all.

17 Plaintiff alleges that the truth began to be revealed to investors on March 2, 2022, when,
18 after market hours, Snowflake reported its financial results for its fourth fiscal quarter ended
19 January 31, 2022, as well as disappointing guidance for fiscal year 2023. In particular, Plaintiff
20 alleges Snowflake announced that its product revenue growth rate for FY 2023 would be slashed
21 to a range of 65% to 67% from the triple-digit growth that defendants highlighted during the Class
22 Period. The Complaint alleges that these announcements caused the price of Snowflake's
23 common stock to drop from \$264.69 per share on March 2, 2022 to \$224.02 per share at market
24 close on March 3, 2022, representing a 15% decline and that Snowflake's stock price continued to
25 drop precipitously by 15% over the next few trading days, closing at just \$191.61 on March 8,
26 2022. Plaintiff alleges that these declines caused Plaintiff and the Class to suffer financial losses
27 and damages under the federal securities laws. Meanwhile, the Complaint alleges Snowflake
28

1 insiders sold over \$1.8 billion worth of Snowflake common stock at artificially inflated prices
 2 during the Class Period.

3 Defendants deny these allegations and further deny they made any material misstatement
 4 or omission in violation of the Federal Securities laws or that they are liable to Plaintiff or the
 5 purported class for such alleged violations.

6 **III. LEGAL ISSUES**

7 The principal legal issues at this stage of the case include:

- 8 • Whether Plaintiff has sufficiently alleged that each Defendant made material
 9 misstatements or omissions;
- 10 • Whether Plaintiff has alleged sufficient facts to support a compelling inference of
 11 scienter required under the PSLRA against each Defendant;
- 12 • Whether Plaintiff has adequately alleged loss causation; and
- 13 • Whether Plaintiff has adequately alleged that any Defendant qualifies as a control
 14 person.

15 **IV. MOTIONS**

16 *Pending Motions*

17 There are seven Lead Plaintiff Motions pending but not yet fully briefed. ECF Nos. 15,
 18 23, 26, 29, 34, 40, 48. Although Plaintiff asked to be appointed Lead Plaintiff in her prayer for
 19 relief in the Complaint, neither Plaintiff nor her undersigned counsel filed a Lead Plaintiff Motion,
 20 and Plaintiff acknowledges she has a smaller financial interest in the claims at issue as compared
 21 to the Lead Plaintiff movants. Therefore a different Lead Plaintiff is likely to be appointed by the
 22 Court upon the completion of briefing for the Lead Plaintiff Motions.

23 *Anticipated Motions*

24 After a Lead Plaintiff is appointed by the Court, Lead Plaintiff will either file an amended
 25 complaint or designate the initial complaint as the operative complaint. After the operative
 26 complaint is filed or so designated, Defendants intend to move to dismiss the operative complaint.
 27 The Parties have submitted a stipulation and proposed order governing the schedule for Lead
 28

1 Plaintiff to file or designate an operative complaint and for Defendants to move to dismiss. ECF
2 No. 12. The Court has not yet so-ordered that briefing schedule.

3 To the extent any claims survive the anticipated motion to dismiss, Lead Plaintiff will
4 likely move to certify a class pursuant to Federal Rule of Civil Procedure 23, and Defendants
5 anticipate opposing any such motion. At this time, the Parties agree that it is premature to
6 determine what other motions, if any, may be filed.

7 **V. AMENDMENT OF PLEADINGS**

8 There are seven motions to appoint lead plaintiff (“Lead Plaintiff Motions”) pending but
9 not yet fully briefed. ECF Nos. 15, 23, 26, 29, 34, 40, 48. Neither Plaintiff nor her undersigned
10 counsel filed a Lead Plaintiff Motion, and therefore a different Lead Plaintiff will likely be
11 appointed by the Court upon the completion of briefing for the Lead Plaintiff Motions. After a
12 Lead Plaintiff is appointed by the Court, Lead Plaintiff will file an amended complaint or
13 designate the initial complaint as an operative complaint. The Parties have submitted a stipulation
14 and proposed order governing the pleadings schedule. ECF No. 12. The Court has not yet so-
15 ordered that stipulation.

16 **VI. EVIDENCE PRESERVATION**

17 The Parties have reviewed the Guidelines Relating to the Discovery of Electronically
18 Stored Information, are aware of their document preservation obligations, and have taken
19 reasonable and proportionate steps to preserve evidence potentially relevant to the issues in this
20 action.

21 If this action progresses to discovery, Defendants will meet and confer with Lead Plaintiff
22 regarding a stipulated protocol governing the form of production of ESI and stipulate to a joint
23 proposed ESI order within a reasonable amount of time upon the commencement of fact
24 discovery.

25 **VII. DISCLOSURES**

26 Because of the discovery stay automatically imposed by the PSLRA, no initial disclosures
27 have been made pursuant to Fed. R. Civ. P. 26. *See* 15 U.S.C. § 78u-4(b)(3)(B); *Medhekar v.*
28 *Hockey*, 99 F.3d 325, 328-29 (9th Cir. 1996) (PSLRA discovery stay applies to initial disclosures);

1 *In re Altera Corp Deriv. Litig.*, 2006 WL 2917578, at *1 (N.D. Cal. Oct. 11, 2006) (“In order to
 2 fulfill the purposes underlying the PSLRA, the discovery stay also applies to . . . initial
 3 disclosures.”). Defendants believe they, along with Lead Plaintiff, should address the timing of
 4 initial disclosures (if necessary) after this Court has decided Defendants’ anticipated motion to
 5 dismiss the forthcoming amended complaint.

6 **VIII. DISCOVERY**

7 Because of the discovery stay automatically imposed by the PSLRA, no discovery has
 8 been conducted. *See* 15 U.S.C. §78u-4(b)(3)(B). The parties believe they should address the
 9 timing of a discovery plan (if necessary) after this Court has decided Defendants’ anticipated
 10 motion to dismiss the forthcoming amended complaint.

11 **IX. CLASS ACTIONS**

12 The parties have reviewed the Procedural Guidance for Class Action Settlements.

13 Plaintiff’s Statement: Plaintiff believes this action is the prototypical case appropriate for
 14 class treatment. Plaintiff and the Class suffered a common injury through a fraudulent scheme that
 15 injured all purchasers of Snowflake stock during the Class Period. The issues to establish liability
 16 (e.g., materiality, falsity, loss causation, and scienter) are common to all class members and can be
 17 established through common proof of defendants’ actions and intent to act. Damages will be
 18 provable on a classwide basis using a common methodology.

19 Defendants’ Statement: Defendants do not believe that this action is suitable for class
 20 treatment and will oppose any motion for class certification and/or move to deny class certification
 21 because Lead Plaintiff cannot satisfy the requirements of Rule 23. If necessary after this Court
 22 issues its order on Defendants’ forthcoming motion to dismiss, Defendants agree to meet and
 23 confer with Lead Plaintiff within a reasonable time to consider whether the Action can be
 24 maintained as a class action and agree to briefing schedule on Lead Plaintiff’s anticipated motion
 25 for class certification.

1 **X. RELATED CASES**

2 The Parties understand that the recently filed action captioned *Tuerpe v. Sloodman, et al.*,
3 No. 3:24-cv-02502-LB (N.D. Cal.) concerns substantially the same parties, property, transaction,
4 or event and thus is likely related pursuant to Local Rule 3-12.

5 **XI. RELIEF**

6 Plaintiff's Statement: Plaintiff seeks on behalf of herself and the class: (i) compensatory
7 damages against all defendants, jointly and severally, for all damages sustained as a result of
8 defendants' wrongdoing, in an amount to be proven at trial, including interest thereon; (ii)
9 reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and
10 (iii) such equitable/injunctive or other relief as the Court may deem just and proper, including
11 permitting any putative Class members to exclude themselves by requesting exclusion through
12 noticed procedures.

13 Defendants' Statement: Defendants deny that Plaintiff is entitled to relief. Defendants
14 intend to seek their attorneys' fees, costs, and expenses associated with this action, to the fullest
15 extent permitted by law.

16 **XII. SETTLEMENT AND ADR**

17 No settlement discussions have taken place, and the Parties do not believe that ADR is
18 appropriate at this time.

19 **XIII. OTHER REFERENCES**

20 At this time, the parties do not believe this case is suitable for reference to binding
21 arbitration, a special master, or the Judicial Panel on Multidistrict Litigation. It is premature to
22 know whether referral to a special master is appropriate, but the parties reserve the right to request
23 any such referral under appropriate circumstances.

24 **XV. NARROWING OF ISSUES**

25 Once a Lead Plaintiff is appointed, Defendants will consider with that Lead Plaintiff issues
26 that can be narrowed by agreement or by motion, as well as potential means to expedite the
27 presentation of evidence at trial.

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1 **XVI. EXPEDITED TRIAL PROCEDURE**

2 The Parties agree that this case is not suitable for handling under the Expedited Trial
3 Procedure of General Order No. 64.

4 **XVII. SCHEDULING**

5 The PSLRA imposes an automatic stay of discovery and other proceedings until any
6 anticipated motion to dismiss is resolved. *See* 15 U.S.C. §78u-4(b)(3)(B). Once a Lead Plaintiff
7 is appointed, Lead Plaintiff will then file an amended complaint or designate the initial complaint
8 as the operative complaint, which Defendants intend to move to dismiss. The Parties thus agree
9 that any proposed case schedule is premature. Defendants agree to meet and confer with Lead
10 Plaintiff and submit a joint proposed schedule governing the case (if necessary) within a
11 reasonable time after this Court's decision on Defendants' anticipated motion to dismiss.

12 **XVIII. TRIAL**

13 Plaintiff has requested a jury trial. The Parties believe that it is premature to discuss the
14 expected length of trial.

15 **XIX. DISCLOSURE OF NON-PARTY INTERESTED ENTITIES OR PERSONS**

16 Plaintiff filed her Certificate of Interested Entities (ECF No. 2) and Snowflake filed its
17 Certificate of Interested Entities (ECF No. 75).

18 **XX. PROFESSIONAL CONDUCT**

19 All attorneys of record have reviewed the Guidelines for Professional Conduct for the
20 Northern District of California.

21 **XXI. OTHER ISSUES**

22 The Parties respectfully request that the Court so-order the Parties' stipulations continuing
23 the Case Management Conference and establishing a schedule for the filing of an amended
24 complaint after the appointment of Lead Plaintiff and the subsequent motion to dismiss briefing
25 schedule. ECF Nos. 12, 66. The Parties do not believe there are any other matters requiring the
26 Court's attention at this time.

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1 DATED: May 14, 2024

Respectfully submitted,

2 QUINN EMANUEL URQUHART &
3 SULLIVAN, LLP

4 By: /s/ Kevin P.B. Johnson

5 Kevin P.B. Johnson
6 Michael T. Lifrak
7 555 Twin Dolphin Drive, 5th Floor
8 Redwood Shores, CA 94065
9 Telephone: (650) 801-5000
10 kevinjohnson@quinnemanuel.com
11 michaelifrak@quinnemanuel.com

12 Jesse Bernstein (*pro hac vice*)
13 Leigha Empson (*pro hac vice*)
14 51 Madison Avenue, 22nd Floor
15 New York, NY 10010
16 Telephone: (212) 849-7000
17 jessebernstein@quinnemanuel.com
18 leighaempson@quinnemanuel.com

19 *Counsel for Defendants Snowflake Inc.,*
20 *Frank Sloatman, and Michael P. Scarpelli*

21 DATED: May 14, 2024

22 ROBBINS GELLER RUDMAN
23 & DOWD LLP

24 By: /s/ Brian E. Cochran

25 Shawn A. Williams
26 Post Montgomery Center
27 One Montgomery Street, Suite 1800
28 San Francisco, CA 94104
Telephone: 415/288-4545
415/288-4534 (fax)
shawnw@rgrdlaw.com

Brian E. Cochran
ROBBINS GELLER RUDMAN
& DOWD LLP
655 West Broadway, Suite 1900
San Diego, CA 92101-8498
Telephone: 619/231-1058
619/231-7423 (fax)
bcochran@rgrdlaw.com

1 Samuel H. Rudman
2 Vicki Multer Diamond
3 ROBBINS GELLER RUDMAN
4 & DOWD LLP
5 58 South Service Road, Suite 200
6 Melville, NY 11747
7 Telephone: 631/367-7100
8 631/367-1173 (fax)
9 srudman@rgrdlaw.com
10 vdiamond@rgrdlaw.com
11

12 Gregory E. Del Gaizo
13 ROBBINS LLP
14 5060 Shoreham Place, Suite 300
15 San Diego, CA 92122
16 Telephone: 619/525-3990
17 619/525-3991 (fax)
18 ggaizo@robbinsllp.com
19

20 *Counsel for Plaintiff Suzanne L. Flannery*
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Attestation Pursuant to Civil Local Rule 5-1(h)(3)

Pursuant to Local Rule 5-1(h)(3), I hereby attest that all other signatories listed, and on whose behalf this filing is jointly submitted, concur in this filing's content and have authorized me to file this document.

Dated: May 14, 2024

QUINN EMANUEL URQUHART & SULLIVAN, LLP

By: /s/ Kevin P.B. Johnson
Kevin P.B. Johnson

*Counsel for Defendants Snowflake Inc., Frank Sloomman,
and Michael P. Scarpelli*

CASE MANAGEMENT ORDER

The above JOINT CASE MANAGEMENT STATEMENT & PROPOSED ORDER is approved as the Case Management Order for this case and all parties shall comply with its provisions. IT IS SO ORDERED.

Dated: _____, 2024

HON. P. CASEY PITTS
UNITED STATES DISTRICT JUDGE